

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

***United States Attorney
Carol C. Lam***

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For Immediate Release

NEWS RELEASE SUMMARY - December 8, 2006

United States Attorney Carol C. Lam announced that United States District Court Judge Jeffrey T. Miller today sentenced Richard Hill Gavzie to serve 12 months and one day in prison, and serve a two-year term of supervised release following his release from prison. Judge Miller also ordered Gavzie to pay \$875,665.70 in restitution to victims.

According to Assistant U.S. Attorney Sanjay Bhandari, who prosecuted the case, Gavzie pled guilty on March 28, 2006, to a two-count felony Information charging him with conspiracy to commit wire fraud and filing a false tax return. The charges arose from Gavzie's participation as a salesman in a fraudulent scheme relating to the acquisition and renovation of a Las Vegas casino.

In his plea agreement, Gavzie admitted that from approximately November 2003 through April 2004, he and his co-conspirators, including Vladislav Zubkis, a.k.a. "Steven" Zubkis, defrauded investors of approximately \$875,000. Gavzie also admitted that he and his co-conspirators made numerous material misrepresentations to investors about Zubkis, his companies, the uses to which he put investors' funds, and

the status and prospects of the casino project. According to Assistant U.S. Attorney Bhandari, investors were led to believe, among other things, that Zubkis and his affiliated company, San Diego Properties, L.P., had significant experience in casino renovation and real estate development, when in fact they did not.

Gavzie also admitted that he and his co-conspirators made false and misleading representations to investors that the project had a high likelihood of success and would produce quick returns, including specifically that shares purchased for approximately \$0.01 per share would be worth \$5 or more per share upon a projected initial public offering (IPO).

Gavzie also acknowledged that he knowingly filed a false income tax return for the calendar year 2003, resulting in a tax loss to the United States of \$19,680.

The case was investigated by the Federal Bureau of Investigation and the Internal Revenue Service, with assistance from the San Diego County Sheriff's Office and the San Diego Police Department.

DEFENDANT

Case Number: 06cr0657-JM

RICHARD HILL GAVZIE

SUMMARY OF CHARGES

COUNT 1	Conspiracy to commit wire fraud, in violation of Title 18, United States Code, Section 371. Maximum penalties: 5 years' imprisonment per count.
COUNT 2	Filing a false tax return, in violation of Title 18, United States Code, Section 7206(1). Maximum penalties: 3 years' imprisonment per count.

PARTICIPATING AGENCIES

Federal Bureau of Investigation
Internal Revenue Service, Criminal Investigations